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canadian cablesystems limited annual report 1976

History of Canadian Cablesystems Limited

The Company was incorporated in 1920 as Famous Players Canadian Corporation, Limited, a Canadian company whose principal business was owning and operating motion picture theatres. The Company grew through internal expansion and acquisition and, by the early 1950's, was operating more than four hundred theatres. At that time, a program was undertaken to sell unprofitable locations, modernize most of the remaining theatres and open new theatres in suburban locations. Modernization and subsequent expansion included the introduction of a successful program of multi-screening single auditorium theatres and the building of multi-screen theatres.

During the same period Famous became one of Canada's pioneer television broadcasters by forming a 50% joint venture with local interests in Kitchener, Ontario, to establish television station CKCO-TV in March 1954. Similarly in association with local interests in

Quebec City, Famous established a French language station, CFCM-TV in July 1954 and in March 1957 was granted an additional license to operate an English language station, CKMI-TV in that city. In 1959, the Company became a partner in London TV Cable Service Ltd., one of the pioneer cable TV systems in Canada. Other cable and broadcasting interests were acquired or launched throughout the 1960's so that by the end of the decade, the Company had significant holdings in the communications field in many parts of Canada.

The Company was reorganized in 1971 to comply with the Canadian ownership requirements established by the Government of Canada. The Company, prior to reorganization, was controlled by Gulf+Western Industries Inc., a U.S. corporation. As part of the reorganization the theatre business was sold to the newly formed Famous Players Limited, leaving the Company with the cable and broadcasting properties, and a 48.8% interest in Famous Players Limited and Gulf+Western Industries' interest in the Company was then cancelled. The Company changed its name from Famous Players Canadian Corporation Limited to Canadian Cablesystems Limited to reflect more properly the primary operating business of the Company.

Between 1971 and 1974, the Company expanded its cable operations substantially and has become the second largest cable company

in Canada and the sixth largest in the world, servicing almost 400,000 subscribers through ten separate systems serving approximately twenty communities across Southern Ontario. In addition to its 49% interest in Famous Players Limited and a small portfolio of marketable securities, the Company has a wholly-owned engineering division and a joint-venture data processing company, both of which primarily service the Cablesystems group of systems.

In the fall of 1975, the cable subsidiaries of the Company were reorganized to create a new subsidiary, Canadian Cablesystems (Metro) Limited to hold directly and indirectly all of the Company's cable operations. This was done to provide a strong base for the long term financing of the cable operations and to simplify the corporate structure.

Canadian Cablesystems intends to continue to grow and diversify, while retaining a prominent position in the Canadian cable television industry.

This is the 57th Annual Report of the Company. Its shares have been listed on The Toronto Stock Exchange since 1926 and the Company has not missed a dividend payment since 1935.



Canadian Cablesystems Limited
and Subsidiaries

FIVE YEAR SUMMARY	1972	1973	1974	1975	1976
Financial ('000)					
Earnings from cable operations and investment income (after tax)	\$ 1,446	\$ 2,037	\$ 2,139	\$ 2,507	\$ 3,111
Equity in earnings of Famous Players Limited					
— Theatres and rental properties	1,488	742	1,296	1,933	2,300
— Real estate sales	—	885	929	1,489	4,004
Equity in losses of Edmonton World Hockey Enterprises Ltd.	—	(164)	(273)	—	—
Net earnings (before extraordinary items)	\$ 2,934	\$ 3,500	\$ 4,091	\$ 5,929	\$ 9,415
Cash flow from operations	3,878	4,735	6,285	8,410	9,675
Capital expenditures	2,736*	2,852*	6,427*	8,835	7,656
Current assets	3,083	2,231	3,108	2,195	9,379
Investments	32,172†	31,937	28,065	28,323	33,419
Net fixed assets	10,185	11,215	19,453	24,175	26,716
Goodwill	9,342	9,344	19,006	19,006	19,006
Total assets	\$54,782	\$54,727	\$69,632	\$73,699	\$88,520
Current liabilities	2,636	2,970	5,328	5,526	8,113
Long-term debt and bank loans	5,308†	2,013	9,671	8,457	12,036
Deferred income taxes	943	1,354	2,089	2,808	3,242
Shareholders' equity	45,895†	48,390	52,544	56,908	65,129
Total liabilities and equity	\$54,782	\$54,727	\$69,632	\$73,699	\$88,520
Average number of shares outstanding	3,739	3,915	3,919	3,970	3,986
Per Share					
Net earnings, before extraordinary items	\$ 0.78	\$ 0.89	\$ 1.04	\$ 1.49	\$ 2.36
Cash flow from operations	1.04	1.21	1.60	2.12	2.43
Dividends	0.28	0.28	0.28	0.31	0.34
Shareholders' Equity	12.27	12.36	13.41	14.34	16.34
Share price — high†	23.25	19.50	18.75	15.00	18.13
— low†	14.50	13.50	7.63	10.00	12.13
Subscriber Data					
Total subscribers at year-end	249,000	292,000	348,000	374,000	393,000
Households passed by cable	412,000	435,000	469,000	495,000	510,000
Penetration	60.6%	69.7%	74.2%	75.5%	77.1%
Canadian Cablesystems' equity in total subscribers	195,000	231,000	338,000	359,000	375,000

*Capital expenditures are those incurred by wholly owned subsidiaries from date of acquisition and therefore exclude expenditures by the London, Pine Ridge and Jarman systems prior to January 31, 1974.

†Reclassified for comparative purposes to conform with current method of presentation.

‡Calendar years: 1976 prices are to November 30th.



REPORT TO THE SHAREHOLDERS

The 1976 fiscal year was a record one for your Company. Earnings for the year were :

	1976	1975	1976	1975
	(000)	(000)	(Per share)	
Cable operations and investment income	\$3,111	\$2,507	\$.78	\$.63
Equity in earnings of Famous Players				
— Theatres and rental properties	2,300	1,933	.58	.49
— Real estate sales	4,004	1,489	1.00	.37
Total earnings before extraordinary items	\$9,415	\$5,929	\$2.36	\$1.49

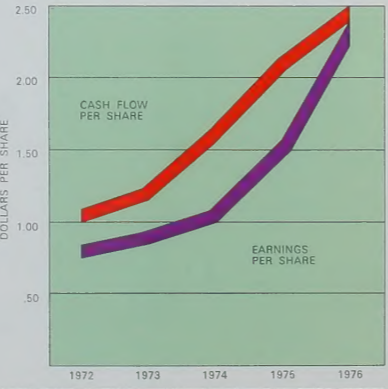
In 1975 an extraordinary loss of \$493,000 reduced final earnings to \$5,436,000. There were no extraordinary items in 1976.

Revenues from cable operations for 1976 reached \$22.9 million, an increase of 22% over 1975. Subscribers of wholly-owned systems increased by 4% during the year, while revenue per subscriber increased by 17% from \$55.21 in 1975 to \$64.43 in 1976. This significant increase in revenue per subscriber is attributable to a combination of factors: the impact of rate increases introduced in the last half of 1975 and the first half of 1976, increased penetration of second outlets, programmes to convert bulk accounts to household rates, and the sale and rental of converters. By year-end, converter penetration had reached 13% of subscribers on service. Operating costs increased by 30% over the 1975 level with a resultant narrowing of operating margin. Some of this increase in costs was of a non-recurring nature, while other cost increases can be attributed to the growth in sales of converters.

Anthony F. Griffiths
Chairman and Chief Executive Officer

W. Edwin Jarmain
President

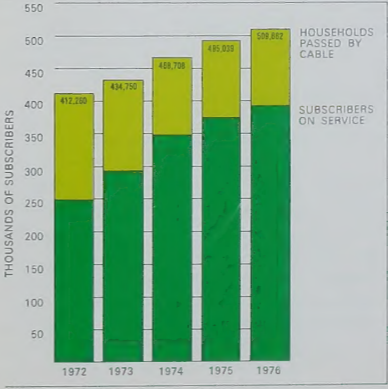
A number of factors offset the reduction in operating margin. Depreciation and interest costs were relatively lower, while equity in earnings of associated cable companies, (Kingston, Chatham, and Cablesare) improved substantially with the result that earnings before income taxes for cable operations increased by 12% over last year. Higher investment income and a lower tax rate contributed to the 24% increase in after-tax earnings from cable operations and investment income.



Earnings and Cash Flow from Operations

With costs increasing and margins under pressure, applications for rate increases continue to command management attention. Rate increases implemented during the year were 50¢ per month by Metro Cable TV in April, 50¢ per month by London Cable TV in June, and \$1.00 per month by Kingston Cable TV in May. An additional 50¢ per month is being implemented in the London system concurrent with the introduction of expanded channel capacity. Other applications pending CRTC approval are: \$2.00 per month for Cornwall Cablevision, \$1.00 per month for Brantford and Newmarket, and 50¢ per month for Pine Ridge.

Famous Players Limited experienced record earnings in the fiscal year ending June 30, 1976. Results were unusually good because of sales of real estate consummated during the year. Two large transactions are of particular significance: the \$11.8 million sale of the Whitehall Square apartment complex in Edmonton which had been operating at a loss and the finalization in January, 1976, of the sale, for \$3.9 million, of the Orpheum Theatre to the City of



Cable Subscriber Growth

Vancouver for civic purposes. The after-tax profit of these two transactions was \$6.1 million. Real estate sales in 1976 totalled \$19.3 million and net earnings from these sales totalled \$8.1 million. Much of the cash flow from real estate sales has been re-invested in new theatres, the multi-screening of existing theatres, and in real estate development projects. Capital expenditures by Famous Players in 1976 amounted to \$27.0 million.

Earlier this year, the Director of the Bureau of Competition Policy authorized the commencement of an enquiry into the market practices of certain Canadian motion picture distributors and exhibitors, including Famous Players Limited. At the present time, the Bureau has not given an indication as to whether there is a basis upon which any action may be taken against Famous Players.

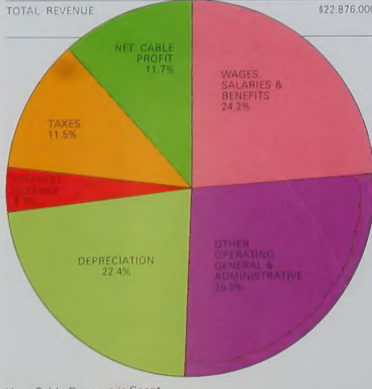
A major development in the cable television industry was the statement in June by the Honourable Jeanne Sauv , Minister of Communications, calling for ideas for an appropriate structure for implementation of pay



Average Revenue, Operating Margin and Net Profit per Subscriber

television in Canada. Canadian Cablesystems has joined with other cable operators to form PTN Pay Television Network, an organization which proposes to act as the distributor of pay TV programs to cable systems. Further information regarding pay television appears later in this annual report. It is too early at this writing to provide a definitive opinion as to the prospects for pay television, what form it will take, foreign content requirements, and the like. Hearings regarding the method of implementation of pay TV are expected to be held by the Canadian Radio-Television and Telecommunications Commission early in 1977.

The encouraging change in policy by Bell Canada with regard to pole access was discussed in the interim report for the first quarter. At this writing, the CRTC is holding hearings regarding the terms and conditions of the proposed new arrangement. It is hoped that the new policy will enable cable television operators to attach cables owned by them, directly to Bell poles. Cables presently owned by Bell and under lease to cable systems may be sold to the cable operators.



How Cable Revenue is Spent

Another development of considerable potential consequence to the industry was the approval of an agreement in November 1976, by the Federal Cabinet and the Government of Manitoba giving the provincially-owned Manitoba Telephone System the right to lease coaxial cable, amplifiers, and subscriber drops to federally licensed cable systems. Under the agreement, the federal government effectively retains regulatory responsibility for programming services including pay TV on cable television systems in Manitoba. This agreement reverses the long standing CRTC policy that ownership of amplifiers and subscriber drops by the cable company is a condition of license and is a capitulation by the federal government to provincial demands.

During the fiscal year, a reorganization of the Company's cable subsidiaries was completed to create a new company, called Canadian Cablesystems (Metro) Limited, which holds directly, and through a subsidiary, all the cable operations of the Company. The purpose of this reorganization was to create a cable entity for the borrowing of long-term debt. In March 1976, Canadian Cablesystems (Metro) issued \$12 million, 11¾% 20-year sinking fund debentures through a private placement with a number of major financial institutions. These debentures are secured directly by the operations of the cable companies, resulting in the removal of certain constraints on the borrowing capacity of the parent company.

In addition, the Company completed the restructuring of the management organization described in last year's report. An important aspect of this program has been the continuation of the company-wide personnel development effort, utilizing professional assistance from outside the Company. Significant changes were made in the cable television management organization during the year. Mr. Colin D. Watson was appointed Vice-President, Operations; previously he had been President

and General Manager of Metro Cable TV. Mr. Frank L. Eberdt was appointed Vice-President and General Manager of the Cornwall Cablevision division; previously he had been Director of Marketing. In addition, Mr. Nicholas F. Hamilton-Piercy and Mr. Henry Vander Laan were appointed vice-presidents during the year. The executive offices of the Company were moved in April to the Commercial Union Tower in the Toronto-Dominion Centre.

With the completion of the financial and corporate reorganizations, your Board of Directors and management turned its emphasis increasingly during the year to corporate growth objectives and long-term development. A number of factors have combined to cause a reassessment of corporate priorities and objectives. These include the increasingly high saturation of existing systems, the limited number of new license opportunities, the scarcity of cable acquisition opportunities at prices deemed reasonable by management, the changing regulatory environment and the unpredictable and unstable economic outlook created by the federal government's anti-inflation policies. Accordingly, the Company has been rethinking its financial and growth objectives and its approach to accomplishing them.

The primary objective of the Company is to provide the highest standard of service to its customers and, at the same time, to maximize the long-term return to its shareholders. The Company will continue to evaluate opportunities in the cable industry and maintain its present position through continued capital expenditures, which are anticipated to exceed \$8 million in the 1977 fiscal year. The Company is also actively investigating additional investment opportunities, primarily in other branches of the communications and entertainment industries in North America.

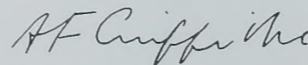
The Company paid 34¢ per share in dividends during the year, in regular quarterly amounts of 8.5¢. This is consistent with recent practice of paying out approximately 33% of net earnings less undistributed earnings of Famous Players and associated cable companies.

During the year Mr. John D. Harrison resigned from the Board. During his tenure, Mr. Harrison made a very great contribution to the affairs of the Company for which the Board is most grateful. Mr. J. Peter Zachary, Vice-President, Corporate Development of Brascan Limited joined the Board to replace Mr. Harrison.

The outlook for the current fiscal year is positive. Marketing efforts are being strengthened in all systems and it is anticipated that cable television profits will maintain recent growth rates. Cash flow from cable operations will continue to increase and will adequately cover capital expenditures. Earnings of the theatre division of Famous Players are expected to maintain recent levels. Real estate sales are expected to be significantly less than recorded in 1976 with an accompanying reduction in the total earnings of Canadian Cablesystems.

Management is confident that the objectives for the coming year will be attained, with the continued excellent support of personnel throughout the organization.

On Behalf of the Board of Directors



Anthony F. Griffiths
Chairman and Chief Executive Officer
Toronto, Ontario
November 30, 1976

SERVICES TO SUBSCRIBERS

Cable television was introduced in Canada in 1952 when two systems were established in London, Ontario, one of which was London Cable TV. Originally, cable television was used to bring television to areas where direct reception was difficult or impossible due to geographical location or topographical barriers. The advent of colour TV provided impetus to cable sales since colour television requires more exacting reception conditions than does black and white television. The boom in high-rise building over the past ten years has also provided significant stimulus to the growth of cable. A cluster of high-rise buildings between the source of a TV signal and a receiver can seriously impair and sometimes completely impede broadcast signals. An additional factor that has increased cable sales is man-made electrical interference which often manifests itself in annoying distortions on the TV screen.

The introduction of UHF stations in many areas has also increased cable TV's importance. Older sets simply cannot receive the UHF signals directly off air and few homes with TV towers have UHF antennae. For a great number of Canadians, these new stations are available only on cable.

In many systems the cable is used to deliver a wide range of stereo FM signals of high quality. With growing sales of stereo FM receivers and the demand for a wider variety of radio programs the FM service has been increasingly demanded by subscribers.

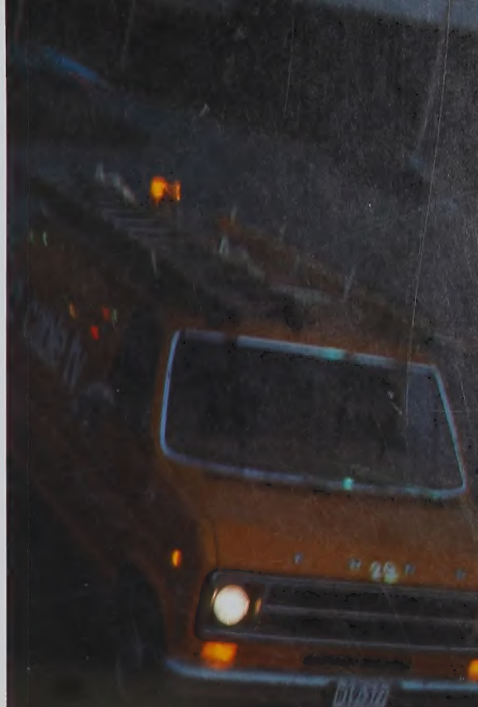
The most popular supplementary service has been the community channel which, of course, is available only to cable subscribers. In the larger Canadian Cablesystems' franchises the community channel serves specific interest groups or community groups that otherwise would find no medium for expression within their community. In some of the Company's

smaller systems the community channel is the only 'local' TV station.

The introduction of converter service has dramatically expanded the number of channels available to a subscriber, from the 12 basic service VHF channels to as many as 22 off-air and supplementary channels. Canadian Cablesystems has almost completed upgrading the plant and equipment in its systems to provide the extra channel capacity required for converter service. Converters are offered to subscribers on either a rental or purchase basis and to date the Company has rented or sold 49,600 converters. The converter business is not regulated by the CRTC and Canadian Cablesystems competes for sales to subscribers with a variety of vendors.

In some systems, off-air signals are augmented by computer-controlled digital services. At Metro Cable TV in Toronto, for example, subscribers can push a button on their converter and receive up-to-the-minute news, weather and sports reports, stock market quotations, airport arrival and departure information, a shoppers price comparison service, a community message channel and a TV guide.

Pay TV is a new service opportunity and Canadian Cablesystems is anxious to offer it to its subscribers as soon as a go-ahead is received from the regulatory authorities. This service and the issues surrounding its introduction are discussed later in this report.





TECHNICAL OPERATIONS

The first link in a cable TV system is the 'head end'. Arrays of high-performance antennae reach high into the sky to capture both television and FM radio signals. Banks of sensitive signal processors at the 'head end' pull in broadcast stations, some from more than 100 miles away, with a crispness of signal that rivals local stations. These processors are designed to reject other signals which might interfere with the desired channel and to minimize the effects of variations in signal strength due to atmospheric conditions. The signal strength is amplified and, in many cases, the frequency is changed from one channel to another so as to accommodate the transmission of a crowded spectrum of signals.

Delivery of the signals to subscribers requires re-amplification about every 2,000 feet as they pass through a complex network of trunk and distribution cables. In total the Company has 4,000 miles of trunk and distribution cable and more than twice as many miles of 'drop' cable connecting subscribers' homes to the distribution system. In some systems the distances are becoming too great for top quality distribution by cable and microwave provides an alternative means of maintaining technical standards. The Grand River system, with a licensed area 33 miles long and 18 miles wide is in the process of building a microwave system which will utilize a 600 foot signal receiving tower and nine microwave receiving towers located throughout the licensed area. Each of these microwave receiving locations will form the hub of a local cable distribution network.

The Company operates a fleet of more than 200 service trucks fully equipped with parts and test equipment and dispatched by two-way radio. Highly skilled personnel continually maintain the signal quality throughout the cable network from the 'head end' to the home. Calls for service by subscribers are usually met within hours. The Company's success is dependent

upon its ability to maintain a highly reliable service. To protect subscribers from the effects of hydro failure, special battery-driven power-substitution units are being installed at many points throughout the systems. These units can provide power for the amplifiers for several hours allowing generator trucks to reach strategic locations should the hydro remain off for a considerable period of time.

The growth of Cablesystems Engineering, the corporate engineering support division, reflects the Company's preoccupation with the improvement of signal quality and subscriber service. This division employs a staff of 15 and has an annual budget of over half a million dollars. It is regarded as probably the best systems engineering group in the cable television business in North America. In addition to providing engineering support, evaluating new equipment and developing new systems design concepts, Cablesystems Engineering also concerns itself with developing staff training methods, better maintenance techniques, and new operating procedures that will yield lower capital or operating costs.

CABLECASTING

Many subscribers are surprised to learn that cable television not only gives them access to television signals, but to a television studio as well. Each of the Company's systems operates a community television station which transmits only through the cable. It is received by subscribers on a regular cable TV channel. It never sells advertising, has no sponsors, and it is mainly programmed by the subscribers themselves. In increasing numbers subscribers have been visiting the Company's studios to share a viewpoint, showcase some talent, or learn how to operate a television camera.

This service is called cablecasting; a place where the members of the community are free to express themselves in their own ways. The studios have been equipped with special lighting, microphones and television cameras and many systems supplement their studios with mobile vans, especially equipped so that they may televise on location away from the studio. Portable, hand-held cameras and video tape recorders provide even more mobility.

This television equipment is only the hardware for a successful cablecast operation. The staff must be carefully selected to provide the right balance of technical expertise, teaching ability, and sensitivity to community needs and concerns. In total the Company employs some 46 people in its cablecasting operations and takes considerable pride in the awards and recognition these people have earned.

Larger systems such as Metro Cable or Grand River Cable produce about 20-25 hours of programming a week while smaller systems range between 15-20 hours per week. Topics covered include the full range of community interest from house building to minor league hockey or from high school drama to a debate at City Hall. Cablecasting often serves as the major medium for local political debates and, at election time, all studios must be careful to

provide equal time to all candidates and points of view.

The community channel is subject to regulation by the CRTC. It must be carried on the basic service of 12 VHF channels. In February, 1975 the CRTC proposed that CATV undertakings allocate 10% of their gross revenue to the operating and capital costs of their community channel. Following public hearings on the provision of community channel service, the Commission issued a set of policy statements as to content, programming philosophy, technical quality and other criteria. The concept of a fixed allocation of revenues was replaced by a more flexible approach to the monitoring of performance.



PAY TV

Pay TV is currently receiving a great deal of attention. This section has been included to help shareholders understand how it may affect the Company.

Pay TV: What is it?: Pay TV as presently envisioned for Canada will be a new entertainment service comprised mainly of recently released movies together with certain special attractions. It will be sold as an extra service to subscribers for a monthly fee.

How will it be delivered?: Probably by cable in urban areas. Over-the-air distribution may be appropriate in less densely populated areas.

When will it become available?: The federal government is currently formulating policies for the introduction of pay TV in Canada and public hearings are likely to be held some time in 1977. Service probably won't start before 1978.

How much will it cost the viewer?: Our present proposal is to provide pay TV on a "subscription" basis — \$8.00 per month for about 8 movies.

How recent will the movies be?: Mostly "first subsequent run" movies. They will appear on pay TV immediately after their run in downtown theatres and well before their release for conventional broadcast TV.

Will sports be available?: Probably not. There is great concern about the possibility of "siphoning" programs from conventional TV.

What happened to the pay-per-program concept?: Until recently the conventional wisdom was that pay TV would be handled on a per-program basis. Both approaches have been tried in the United States and the subscription method has survived while the pay-per-program method has so far floundered on technical, marketing and financial obstacles.

What has experience been in the U.S.?: There are now close to 1 million pay TV subscribers in the U.S. (8% of cable subscribers). In systems where pay TV is offered the percentage penetration varies widely but 25% is a typical figure. U.S. cable operators look upon pay TV as an important new profit opportunity.

How will pay TV affect the film industry?: The plan being advanced by the cable industry is for 15% of the gross revenues from pay TV to flow to the Canadian film production industry. This could amount to an estimated \$80 million over five years, and so provide a major impetus to the development of a domestic film industry that will also be competitive in the international marketplace.

How will pay TV affect existing broadcasters?: Our studies show that the loss of broadcast audiences will be slight. Moreover, any such losses that do occur will be far overshadowed by the benefits that will accrue to the Canadian film industry.

Why has there been opposition to pay TV in Canada?: Some broadcasters have voiced opposition to pay TV because of the possible diminution in their audiences. A number of other groups with concerns for cultural nationalism have also gone on record in opposition to the introduction of pay TV in Canada.

Won't pay TV simply be another massive importation of American culture?: Aren't the opponents of pay TV right?: They have every reason to be cynical — Canadian TV broadcasting including the CBC is still largely a conduit for U.S. entertainment. While we share many of the aspirations of the pay TV opponents we don't think isolationism is a workable answer. Canadian-made entertainment will only become an important influence on our lives if it is also successful in the international marketplace. To do this it needs a strong economic base at home. Pay

TV holds out such a promise. An advertising-supported broadcasting system is constrained to spend at most a few pennies per viewer hour of entertainment; pay TV can afford perhaps 10 times as much. Pay TV may well be the answer to the creation of an indigenous entertainment industry but if this is ever to happen there will have to be substantial reliance on imported product, particularly during the formative stages.

How much capital investment will be required?: While our systems generally have adequate transmission capacity to deliver pay TV to subscribers' homes it is anticipated that additional terminal equipment will be required in the home of each pay TV subscriber. These terminal units could cost in the range of \$50 — \$100. If 25% of present cable subscribers subscribed to pay TV, the Company's total investment could be between 5 and 10 million dollars.

Is there any likelihood that the introduction of pay TV will be indefinitely postponed?: The Minister of Communications has recently re-stated her resolve to proceed with the development of plans as to *how* pay TV should be implemented in Canada. In any case, pay TV is already being offered in Toronto, on an unlicensed closed circuit basis and cable companies have indicated they may be forced to offer a similar service in order to protect their franchise.

What is PTN Pay Television Network?: The federal government has asked how pay TV should be provided and the cable industry has formed a new company — PTN Pay Television Network Limited — which proposes to become exclusive national purchasing agent for pay TV programming which would be distributed to cable companies across the country. Most cable companies have become shareholders and other interests in broadcasting and film production have also been invited to join.

FAMOUS PLAYERS LIMITED

The very substantial investment of this Company in the theatre and real estate industry is represented by a 49% interest in Famous Players Limited. Famous Players' profit performance is a significant factor in the total earnings of the Company and its consolidated financial results and balance sheet for the year ended June 30th, 1976, are included as Note 14 to the Company's Consolidated Financial Statements.

Theatre division

The company is the largest operator of motion picture theatres in Canada, having an interest in 303 theatres representing 420 motion picture auditoriums and drive-in screens in Canada. To increase revenues and effect greater operating efficiencies, the company has, in recent years, proceeded with a program of constructing dual and multi-auditorium motion picture theatres. In downtown locations where theatres occupy prime core locations which no longer yield revenues in proportion to their real estate values, the company has developed high-rise commercial buildings, some of which include motion picture theatres. The result has been to establish cash flow commensurate with property value. During this fiscal year, Loew's Theatre in Montreal will be converted into five auditoriums and the Capitol Theatre, Vancouver, will commence operations with six separate screens. The Theatre Division's successful year resulted from the combination of the multi-screening policy and the availability of popular films.

During 1976 Famous Players exhibited such successful motion pictures as "ONE FLEW OVER THE CUCKOO'S NEST", "LOGAN'S RUN", "THREE DAYS OF THE CONDOR", "RETURN OF THE PINK PANTHER", "ONCE IS NOT ENOUGH", "DOG DAY AFTERNOON", and "ALL THE PRESIDENT'S MEN".

Some of the outstanding attractions currently playing or soon to be released in Famous Players' theatres are "MARATHON MAN" and "KING KONG" from Paramount Pictures, "SHAGGY DOG D.A.", a Walt Disney Production, "A STAR IS BORN" from Warner Bros., "NETWORK", a U.A./MGM production, "PINK PANTHER STRIKES AGAIN" from United Artists Films, "THE ENFORCER" from Warner Bros., and "SILVER STREAK" from 20th Century Fox Film Corporation. In addition, some of the features in production and scheduled for release during 1977 include "BRIDGE TOO FAR" from United Artists and "FREAKY FRIDAY" from Disney.

Investment in Canadian film productions

Famous Players continues to participate in the production of Canadian feature films and plans to invest a minimum of \$1,000,000 in support of the feature film industry in Canada for 1977. During 1976 the company participated in the financing of "THE FAR SHORE", "LITTLE GIRL DOWN THE LANE", "PARTNERS" and "SHOOT".

Real Estate Division

Famous Players operates a Real Estate Division which was established for the purpose of appraising, evaluating and dealing with land holdings of the company throughout Canada. During the year, the company disposed of certain properties, in particular, Whitehall Square, Edmonton, where it had established a residential 600-unit complex on a 12-acre site. Also the Orpheum Theatre in Vancouver was sold to the City. In addition, the company sold the Skyway Drive-In at Stoney Creek near Hamilton, and the Lougheed Drive-In, Vancouver. The profit after tax to Famous Players on the sale of these and other properties amounted to \$8,087,000.

The cash flows resulting from the sale of these properties were redeployed in multi-screening





Dwan (Jessica Lange) wonders what her fate will be, as her captor holds her in his massive hands. The Dino De Laurentiis' spectacular new version of the classic "KING KONG" is from Paramount.



Sean Connery and Cornelia Sharpe co-star in Allied Artists' "THE NEXT MAN", a timely action drama of suspense and intrigue in the oil-rich Middle East.



Barbra Streisand and Kris Kristofferson co-star in Warner Bros.' "A STAR IS BORN", a dramatic and touching love story of two musical superstars.

Chief Inspector Jacques Clouseau (Peter Sellers) faces the greatest challenge of his career in "THE PINK PANTHER STRIKES AGAIN", a United Artists release.



Robert De Niro plays the title role in F. Scott Fitzgerald's "THE LAST TYCOON". Ingrid Boulting is featured as the ephemeral woman of his dreams in the star-studded Paramount release.



"SILVER STREAK", a fast-paced action adventure with overtones of romance and comedy, stars Gene Wilder, Richard Pryor and Jill Clayburgh. A Twentieth Century-Fox release.

and remodeling theatres across the country as well as in the development of real estate properties. Total capital expenditures in theatre and real estate projects amounted to \$27,056,000 for the twelve-month period ending June 30th, 1976.

Capitol Square, Ottawa, the 15-storey office building which includes retail and theatre facilities, is Famous Players' most successful development to date and enjoyed a successful year of operation.

Northstar Inn, Winnipeg, a hotel located in downtown Winnipeg, consists of 272 rooms, a dual auditorium theatre and a nine-level parkade as part of the development. The hotel is managed by Canadian Pacific Hotels Limited and the company has completed renovations which have significantly upgraded the quality of the premises.

Capitol Square, Edmonton, a 20-storey office tower which contains four theatre auditoriums and two levels of retail space, commenced commercial operations in January 1976 and currently has signed leases on 82% of the combined revenue projected for the retail and office space.

Capitol Centre, Montreal, is located in downtown Montreal immediately north of Place Ville Marie. Commercial operations of this development have been delayed due to numerous construction strikes in the City of Montreal and the project is now expected to be completed in December 1976. The 24-storey structure, which consists of approximately 230,000 square feet of rentable office space, as well as 60,000 square feet of rentable retail space, currently has leased 58% of the combined revenue projected for the retail and office space. The company is actively negotiating additional leases which, when completed, will represent an additional 23% of the total projected revenue.

Future development projects

Famous Players has entered into a 50-50 joint venture agreement with Cadillac Fairview Ltd. for developing the Northwest Drive-In site in Toronto as an office-industrial complex. The development is scheduled to begin in the summer of 1977 and will be managed by Cadillac Fairview.

Other interests of Famous Players Limited

Theatre Confections Limited is a wholly-owned subsidiary of Famous Players which supplies a complete confection service to the theatres and operates concessions in arenas, parks and auditoriums. The company has shown a steady growth in sales of confections and concession equipment across Canada and enjoyed a record year of operation in 1976.

General Sound and Theatre Equipment Limited, another wholly-owned subsidiary of Famous Players, operated successfully during 1976. This company's major activities are the selling of projection and sound equipment and supplying technical services to the motion picture industry. General Sound also installs a substantial amount of equipment in hospitals, schools, colleges and department stores throughout Canada.

Theatres in France

Famous Players owns 100% of the Paramount-Opera Theatre, a leading cinema in Paris, France, which has been converted into a five-auditorium theatre. In addition, the company owns a 50% interest in Parafrance Films S.A., which operates 67 motion picture auditoriums in France.





Consolidated Statement of Earnings

	Year ended August 31	
	1976	1975
	(\$000)	(\$000)
Revenue		
Cable services	\$20,604	\$17,506
Rental and sale of converters	2,272	1,256
	22,876	18,762
Expenses		
Operating, general and administration	11,661	8,976
Depreciation and amortization	5,115	4,113
Interest on long-term debt and bank loans (Note 5)	1,087	1,074
	17,863	14,163
	5,013	4,599
Equity in earnings (losses) before income taxes of associated cable companies (Note 1(a) (ii))	144	(3)
Other income	248	212
Earnings before income taxes from cable operations	5,405	4,808
Investment income	464	346
	5,869	5,154
Income taxes (Note 7)		
Current	2,324	1,929
Deferred	434	718
	2,758	2,647
	3,111	2,507
Equity in earnings of Famous Players Limited	6,304	3,422
Earnings before extraordinary items	9,415	5,929
Extraordinary items (Note 8)	—	(493)
Net earnings for the year	\$ 9,415	\$ 5,436
Basic earnings per share (Note 9) :		
Before extraordinary items	\$ 2.36	\$ 1.49
For the year	\$ 2.36	\$ 1.37
Fully diluted earnings per share (Note 9) :		
Before extraordinary items	\$ 2.18	\$ 1.44
For the year	\$ 2.18	\$ 1.33



Consolidated Statement of Changes in Financial Position

	Year ended August 31	
	1976	1975
	(\$000)	(\$000)
Source of funds		
Operations –		
Earnings before extraordinary items	\$ 9,415	\$ 5,929
Items not affecting current funds		
Depreciation and amortization	5,115	4,113
Deferred income taxes	434	719
Equity in undistributed earnings of Famous Players Limited and associated companies	(5,289)	(2,351)
	9,675	8,410
Reduction of long-term notes receivable	222	1,858
Bank loans	—	660
Issue of shares	159	159
Reduction of investments in other companies	100	—
Issue of debenture	12,000	—
	\$22,156	\$11,087
Use of funds		
Additions to fixed assets (net)	\$ 7,656	\$ 8,835
Reduction of long-term debt and bank loans	8,421	1,874
Dividends paid and payable	1,353	1,230
Long-term notes receivable	119	166
Investment in other companies	10	94
	\$17,559	\$12,199
Increase (decrease) in working capital for the year	\$ 4,597	\$(1,112)
Working capital (deficiency) at beginning of year	(3,331)	(2,219)
Working capital (deficiency) at end of year	\$ 1,266	\$(3,331)



Consolidated Balance Sheet

	August 31	
	1976	1975
	(\$000)	(\$000)
ASSETS		
Current assets		
Cash and short-term notes	\$ 6,730	\$ 129
Marketable securities, at cost (market value \$757,000; 1975 – \$1,149,000)	595	595
Accounts receivable	1,394	757
Current portion of long-term receivables	5	155
Inventories of materials at the lower of cost and net realizable value	496	415
Prepaid expenses	159	144
	9,379	2,195
Investments		
Long-term receivables (Note 2)	852	955
Investments in shares (Note 3)		
– Famous Players Limited	29,843	24,661
– Associated companies	1,076	969
– Other	1,648	1,738
	33,419	28,323
Fixed assets, at cost (Note 4)	51,040	43,619
Less: Accumulated depreciation and amortization	(24,324)	(19,444)
	26,716	24,175
Excess of carrying value of subsidiaries over book value of underlying assets	19,006	19,006
	\$88,520	\$73,699

	August 31	
	1976	1975
	(\$000)	(\$000)
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank indebtedness	\$ 104	\$ 94
Accounts payable and accrued expenses	1,918	1,317
Dividend payable	338	338
Income taxes	1,939	226
Current portion of long-term debt	17	88
Prepayments for services	3,797	3,463
	8,113	5,526
Long-term debt and bank loans (Note 5)	12,036	8,457
Deferred income taxes	3,242	2,808
Shareholders' equity		
Capital stock (Note 6)		
Authorized –		
16,428,436 common shares without nominal or par value		
Issued –		
3,986,926 (1975 – 3,974,676)	13,463	13,304
Share purchase warrants	1,000	1,000
Reorganization surplus	6,235	6,235
Retained earnings	44,431	36,369
	65,129	56,908
	\$88,520	\$73,699

APPROVED BY THE BOARD:

A. F. Criff

Director

W. Edmundson

Director



Consolidated Statement of Retained Earnings

	Year ended August 31	
	1976	1975
	(\$000)	(\$000)
Balance at beginning of year	\$36,369	\$32,163
Net earnings for the year	9,415	5,436
	45,784	37,599
Less: Dividends – 34¢ per share (1975 – 31¢ per share)	1,353	1,230
Balance at end of year	\$44,431	\$36,369

Auditors' Report

To the Shareholders of
Canadian Cablesystems Limited:

We have examined the consolidated balance sheet of Canadian Cablesystems Limited and its subsidiaries as at August 31, 1976 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the report of other auditors who have examined the financial statements of Famous Players Limited.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at August 31, 1976 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
November 5, 1976

Price Waterhouse & Co.
Chartered Accountants

Notes to Consolidated Financial Statements

August 31, 1976

1. Accounting policies:

(a) Consolidation –

- (i) The consolidated financial statements include the accounts of the Company and all its subsidiaries.
- (ii) The Company's investments in Famous Players Limited (48.8% owned), Chatham Cable TV Limited (50% owned), Kingston Cable TV Limited (50% owned) and Cablesare Limited (50% voting shares, 72% non-voting shares owned) are accounted for on the equity basis. Accordingly, the Company's equity in the earnings and losses of these companies is included in the consolidated statement of earnings.
- (iii) The Company reports its equity in the earnings of Famous Players Limited on a two-month delay basis. Accordingly, the Company's equity in the earnings of Famous Players Limited is based on earnings for its fiscal year ended June 30.

(b) Capitalization policy –

The distribution system includes the cost of the head-end, cable and electronic equipment as well as the cost of materials and installation for subscriber connections. During construction or rebuilding phases, only direct costs are capitalized. Accordingly, all interest and overhead costs are expensed in the year in which they are incurred.

(c) Depreciation –

Fixed assets are depreciated over their estimated useful lives as follows:

Buildings	– 5% diminishing balance
Tower and head-end	– 15% straight line
Trunk and distribution cable	– 10% straight line
Electronic equipment	– 15% straight line
Subscriber drops and devices	– 10% straight line
Converters	– 33⅓% straight line
Other equipment	– mainly 20% and 30% diminishing balance
Leasehold improvements	– over the term of the lease

(d) Income and expenses –

Income from cable services includes earned subscriber service revenue and charges for installations and connections. Subscriber service paid in advance is taken into income as earned. The cost of the initial subscriber installation is capitalized as part of the distribution system. Costs of subsequent disconnections and reconnections are expensed.

(e) Goodwill –

The excess of cost of shares in subsidiary and associated companies over book value which arose prior to March 31, 1974 is not amortized unless the value is impaired.

(f) Deferred income taxes –

Deferred income taxes have been provided at prevailing rates and arise mainly from claiming capital cost allowances (depreciation for income tax purposes) in excess of depreciation recorded in the financial statements.

2. Long-term receivables:

	August 31	
	1976	1975
	(\$000)	(\$000)
Receivable under Share Purchase Plans, including \$403,000 (1975 – \$353,000) from officers and directors	\$767	\$ 732
Miscellaneous notes and loans receivable	90	378
	857	1,110
Less: Current portion	5	155
	\$852	\$ 955

3. Investment in shares:

(a) Famous Players Limited –

The carrying value of the Company's investment in Famous Players Limited (48.8% owned) is equal to its equity in the underlying net assets of that company as at June 30, 1976. A summary of the consolidated financial statements of Famous Players Limited for the year ended June 30, 1976 is set out in Note 14.

(b) Associated companies –

The carrying value of the Company's investments in associated companies is equal to their written-up fair values at January 3, 1971, with subsequent additions at cost, plus the Company's equity in undistributed earnings or losses since that date or since acquisition.

The excess of the carrying value of the Company's investment in associated companies over its equity in the book value of their underlying net assets amounted to \$835,000 as at August 31, 1976.

(c) Other investments –

The carrying value of the Company's other investments is equal to their written-up fair values at January 3, 1971 plus subsequent additions at cost.

4. Fixed assets, at cost:

	August 31	
	1976	1975
	(\$000)	(\$000)
Land and buildings	\$ 976	\$ 789
Tower and head-end	1,272	1,173
Trunk and distribution cable (1)	16,239	14,363 (2)
Electronic equipment	10,489	7,454 (2)
Subscriber drops and devices	13,472	13,208
Converters	2,436	1,470
Other equipment	4,642	3,447
Leasehold improvements	689	411
Construction in progress	825	1,304
	51,040	43,619
Less: Accumulated depreciation and amortization	24,324	19,444
	\$26,716	\$24,175

(1) The major part of the Company's investment in trunk and distribution cable is held under leases from Bell Canada expiring at various dates with original minimum terms of 10 years.

(2) Reclassified to conform with 1976 presentation.

5. Long-term debt and bank loans:

	August 31	
	1976	1975
	(\$000)	(\$000)
Series A 11¼% Sinking Fund Debentures	\$12,000	\$ –
Bank loans	—	8,419
Other long-term debt	53	126
	12,053	8,545
Less: Current portion	17	88
	\$12,036	\$8,457

On March 31, 1976, Canadian Cablesystems (Metro) Limited ("Metro"), a wholly-owned subsidiary, issued \$12,000,000 of Series A 11¼% Sinking Fund Debentures to mature on March 31, 1996. The series A Debentures are secured by a floating charge upon the undertaking and assets of "Metro" and are guaranteed by Canadian Cablesystems (Ontario) Limited, a subsidiary company, in the amount of \$4 million, which guarantee is secured by a floating charge over the assets and undertaking of that company. The proceeds of the issue were used in part to retire bank loans existing at that date.

The Series A Debentures are redeemable at the option of "Metro" at prices reducing annually from \$111.75 in the first year to \$100.00 in the year ending March 31, 1995.

Mandatory sinking fund payments are required in the amount of \$600,000 annually on March 31, 1979 to 1995. However, such payments may be reduced by a formula in the event that "Metro" exercises its rights of redemption as described above.

Under the terms of the Trust Indenture, "Metro" is restricted under some circumstances, in the payment of dividends and in certain other matters.

6. Capital stock and share purchase warrants:

(a) Share purchase warrants entitling the bearers to purchase 618,992 shares on or before December 31, 1979 have been issued and are outstanding. Each share purchase warrant entitles the bearer to purchase 1.03 common shares at \$24.26 which price is subject to downward adjustment under the antidilution provisions of the Share Purchase Warrant Indenture. The Company has reserved 4,632,844 of the authorized common shares under rights attaching to its share purchase warrants of which 618,992 shares are subject to issuance pursuant to the outstanding share purchase warrants.

(b) The Company has been declared to be a "Constrained-Share Company" under provisions of supplementary letters patent dated March 15, 1971 as amended by supplementary letters patent dated April 19, 1973. The effect of this is to restrict to a maximum of 20% the number of shares that may be held by the "constrained class" consisting of non-Canadians and all others who through direct or indirect shareholdings individually or as a group would jeopardize the licences of the Company's subsidiaries issued pursuant to the Broadcasting Act (Canada).

(c) The Company has an Executive Share Purchase/Stock Option Plan and an Employee Share Purchase Plan. During the year, 12,250 common shares were issued under these Plans for a total consideration of \$159,000, which was financed by non-interest bearing loans.

Under the terms of the Employee Share Purchase Plan, the employees have waived their rights to the receipt of dividends until the shares, numbering 7,795 at August 31, 1976, have been fully paid.

As at August 31, 1976, there were 36,000 shares (including 15,900 shares to officers and officers who are directors) subject to issue under the Executive Stock Option Plan at prices from \$13.00 to \$17.63 per share expiring between 1979 and 1981. Since August 31, 1976 rights for a further 4,112 shares have been granted to an employee at \$17.75 per share.

There are 117,798 authorized common shares set aside and held for allotment under the Plans.

7. Income taxes:

The current provision for income taxes includes \$27,000 (1975 — \$17,000) in respect of the Company's share of earnings from investments in associated cable TV companies, accounted for on the equity basis.

8. Extraordinary items:

Year Ended August 31		
	1976	1975
	(\$000)	(\$000)
Loss on discount of long-term note receivable, less income taxes of \$20,000	\$ —	\$ (58)
Provision for loss on investment in Edmonton World Hockey Enterprises Ltd.	—	(435)
	\$ —	\$(493)

9. Earnings per share:

The basic earnings per share are computed on the weighted average number of shares outstanding during the year of 3,986,206 (1975 — 3,969,858).

Fully diluted earnings per share have been calculated on the assumption that outstanding warrants and options are converted into capital stock and the proceeds invested at a rate of return of approximately 5% after income taxes to yield additional imputed earnings of \$718,000.

10. Lease commitments:

Minimum commitments under agreements and leases for the rental of premises and distribution lines amount to approximately \$858,000 per annum as at August 31, 1976. Actual rental expense for the year ended August 31, 1976 amounted to \$752,000 (1975 — \$642,000).

11. Contingent liabilities:

Under the reorganization effective January 3, 1971 Famous Players Limited assumed liability under all leases pertaining to the theatre business, and provided the Company with a formal indemnity against any loss in this regard. While the Company has been released from its obligations under some of these leases, there are still a great many lease commitments under which it remains contingently liable. The Company's management, however, believes that the Company will incur no liability under these outstanding lease commitments.

12. Anti-inflation program:

The Company and its operating subsidiary companies are subject to the provisions of the Anti-Inflation Act

instituted by the Federal Government effective October 14, 1975. The Company believes that it has fully complied with the guidelines since their announcement.

Under present legislation the amount of dividends payable by the Company during the year ended October 13, 1977 may not exceed 25% of the reported net earnings for the year ended August 31, 1976.

13. Remuneration of directors and officers:

Year ended August 31				
	1976		1975	
	Number	Amount	Number	Amount
	(\$000)		(\$000)	
From Canadian Cablesystems Limited				
As directors	16	\$ 49	15	\$ 45
As officers*	7	\$395†	5	\$270
From subsidiaries				
Canadian Cable-systems (Metro) Limited	4	—	3	\$ 1

*Three of the officers are also directors of the Company.

†Includes provision for retirement allowance.

14. FAMOUS PLAYERS LIMITED AND SUBSIDIARIES

Consolidated Balance Sheet			
June 30			
	1976		1975
	(\$000)		(\$000)
Current assets	\$ 8,530	\$	8,794
Fixed assets, at cost	146,038		130,566
Less: Depreciation	(44,722)		(43,373)
Net fixed assets	101,316		87,193
Other assets	8,703		7,027
	\$118,549		\$103,014
Current liabilities	\$ 18,208	\$	16,803
Deferred income taxes	3,500		2,770
Long-term debt, less current portion	34,577		31,791
Other non-current liabilities	987		972
Minority interest	186		195
	57,458		52,531
Capital stock	32,934		32,934
Contributed capital	6,635		6,635
Retained earnings	21,522		10,914
Shareholders' equity	61,091		50,483
	\$118,549		\$103,014

**Famous Players Limited and Subsidiaries
Consolidated Statement of Earnings and Retained Earnings**

Year Ended June 30		
	1976	1975
	(\$000)	(\$000)
Revenue		
Theatre operations	\$102,557	\$ 91,312
Property rental and hotel operations	6,115	6,851
Proceeds from sale of property	19,272	1,990
	127,944	100,153
Cost of sales		
Theatre operations	47,301	43,547
Hotel operations	1,222	1,238
Cost of property sold	9,359	772
	57,882	45,557
Gross profit	70,062	54,596
Operating expenses	45,848	38,759
Corporate expenses	5,814	5,870
	18,400	9,967
Other operating income — net	738	905
Equity in earnings before income taxes of associated companies and joint enterprises	969	2,970
Operating income	20,107	13,842
Other non-operating income — net	83	—
Interest expense, net of interest income	1,251	2,027
Earnings before income taxes	18,939	11,815
Provision for income tax expense		
Current	4,457	4,057
Deferred	811	267
On equity earnings	601	374
	5,869	4,698
Net earnings before minority interest	13,070	7,117
Minority interest in net earnings of subsidiaries	165	113
Net earnings	12,905	7,004
Retained earnings, at beginning of year	10,914	6,063
	23,819	13,067
Dividends paid	2,297	2,153
Retained earnings, at end of year	\$ 21,522	\$ 10,914

Certain 1975 amounts have been reclassified to conform with current classifications.

**Famous Players Limited and Subsidiaries
Consolidated Statements of Sources and Uses of Cash**

Year Ended June 30		
	1976	1975
	(\$000)	(\$000)
Sources of Cash		
Operations —		
Net earnings	\$ 12,905	\$ 7,004
Add (deduct) non-cash items —		
Depreciation and amortization of fixed assets	3,369	3,410
Deferred income taxes	810	267
Minority interest in net earnings of subsidiaries	165	113
Share of net earnings of associated companies	(452)	(2,630)
	16,797	8,164
Dividends received from associated companies	2,164	365
Total cash from operations	18,961	8,529
Increase in debt —		
Bank loans	1,070	(3,165)
Long-term debt	21,346	6,644
Total new debt	22,416	3,479
Book value of property and other fixed assets sold	9,564	753
Instalments on mortgages receivable	645	1,193
Total sources of cash	\$ 51,586	\$ 13,954
Uses of cash		
Expenditures for fixed assets	\$ 27,056	\$ 14,628
Repayment of long-term debt	15,255	3,628
Advances to associated companies — net	3,605	(2,118)
Payment of dividends	2,297	2,153
Reduction in net payables to affiliated companies	3,468	(459)
Net change in other assets and liabilities	2,203	(6,729)
Total uses of cash	\$ 53,884	\$ 11,103
Increase (decrease) in cash	\$ (2,298)	\$ 2,851
Opening cash balance	3,448	597
Closing cash balance	\$ 1,150	\$ 3,448



OPERATING SYSTEMS, ASSOCIATED COMPANIES AND INVESTMENTS

CABLE TELEVISION

	Percentage Interest of the Company	Households Passed by Cable	as at August 31, 1975	Number of Subscribers Net Additions	as at August 31, 1976	% Penetration
Wholly-Owned						
Cornwall Cablevision	100%	15,600	13,119	688	13,807	88.5%
Grand River Cable TV	100%	103,401	82,113	3,140	85,253	82.4%
Hamilton Co-Axial	100%	41,667	33,696	868	34,564	83.0%
Jarmain Cable TV — Brantford	100%	25,969	19,798	689	20,487	78.9%
— Newmarket	100%	9,405	7,737	726	8,463	90.0%
London Cable TV	100%	63,008	54,396	2,086	56,482	89.6%
Metro Cable TV	100%	156,909	112,777	3,608	116,385	74.2%
Pine Ridge Cable TV	100%	44,510	24,674	1,549	26,223	58.9%
Associated						
Chatham Cable TV Limited	50%	13,593	9,287	338	9,625	70.8%
Kingston Cable TV Limited	50%	28,100	9,961	4,926	14,887	53.0%
Albarni Cable Television Limited	20%	7,500	6,343	357	6,700	89.3%
		509,662	373,901	18,975	392,876	77.1%
Canadian Cablesystems' Equity in Above		482,816	359,201	16,059	375,260	77.8%

BROADCASTING

Bushnell Communications Limited	6.3%
Tele-Capital Ltd. — Tele-Capitale Ltée	18%

THEATRES

Famous Players Limited	48.8%
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OTHER

Cableshare Limited	50%
Agra Industries Limited	31,673 shares



DIRECTORS

Donald S. AndersonChairman
Canada Realities Limited
Toronto, Ontario**Donald L. Angus, P.Eng.**President
H. H. Angus & Associates Limited
Toronto, Ontario**Robert W. Bonner, Q.C.**Chairman
B.C. Hydro and Power Authority
Vancouver, British Columbia**John B. Cronyn**Corporate Director
London, Ontario**Claude Ducharme, Q.C.**Partner
Desjardins, Ducharme, Desjardins
Tellier, Zigby & Michaud
Montreal, Quebec**Eugene E. Fitzgibbons**Vice-President, Corporate Development
Canadian Cablesystems Limited
Toronto, Ontario**Anthony F. Griffiths**Chairman and Chief Executive Officer
Canadian Cablesystems Limited
Toronto, Ontario**Arnold J. Groleau, P.Eng., FEIC**Retired, formerly Executive
Vice-President of Bell Canada
Montreal, Quebec**Norman E. Hardy**Vice-Chairman of the Board
John Labatt Limited
London, Ontario**Edwin R. Jarmain, P.Eng.**President
London Cable TV
London, Ontario**W. Edwin Jarmain, P.Eng.**President
Canadian Cablesystems Limited
Toronto, Ontario**W. Kelly Jarmain**President
Jarmain Cableholdings Limited
London, Ontario**Charles S. MacNaughton**Honorary Chairman
Burns Fry Limited
Toronto, Ontario**Thomas E. Nichols**Retired, formerly Publisher of
"The Hamilton Spectator"
Dundas, Ontario**J. Peter Zachary**Vice-President, Corporate Development
Brascan Limited
Toronto, Ontario

CORPORATE MANAGEMENT

Anthony F. Griffiths

Chairman and Chief Executive Officer

W. Edwin Jarmain

President

Anthony D. Gooch

Vice-President, Finance

Eugene E. Fitzgibbons

Vice-President, Corporate Development

Albert Gnat

Secretary

Charles A. Latimer, C.A.

Treasurer

Robert W. Denham, C.A.

Controller

Graham W. Savage

Director, Investment Planning

CABLE DIVISION

Colin D. Watson

Vice-President, Operations

Nicholas F. Hamilton-Piercy, P.Eng.

Vice-President, Engineering

Henry J. Vander LaanVice-President, Technical Operations
and Personnel

SYSTEM MANAGEMENT

Mary L. BlackwellGeneral Manager
Jarmain Cable TV
Newmarket, Ontario**T. W. Ross Dryden**General Manager
Kingston Cable TV Limited
Kingston, Ontario**Frank L. Eberdt**Vice-President and General Manager
Cornwall Cablevision
Cornwall, Ontario**Lorne F. McFadden**Executive Vice-President and
General Manager
Pine Ridge Cable TV
Oshawa, Ontario**Donald A. MacAlpine**Vice-President and General Manager
London Cable TV
London, Ontario**Lee Martini**Executive Vice-President and
General Manager
Hamilton Co-Axial
Hamilton, Ontario**S. George Richards**General Manager
Chatham Cable TV Limited
Chatham, Ontario**William D. Rogers**Executive Vice-President and
General Manager
Metro Cable TV
Toronto, Ontario**Udo Salewsky**Executive Vice-President and
General Manager
Grand River Cable TV
Kitchener, Ontario**James A. Yardy**Executive Vice-President and
General Manager
Jarmain Cable TV
Brantford, Ontario

AUDITORS

Price Waterhouse & Co.

TRANSFER AGENT

Montreal Trust Company

EXCHANGE LISTINGS

The Toronto Stock Exchange
The Montreal Stock Exchange

STOCK EXCHANGE SYMBOL

CAB

BANKERS

The Royal Bank of Canada
Canadian Imperial Bank of Commerce

